UNITED STATES BANKRUPTCY COURT

MOR-1

Texas Standard Oil Company 08-34031-H4-11 PROPOSED PLAN DATE: CASE NUMBER: CASE NAME:

06/26/08 0:00 Southern DISTRICT OF TEXAS: PETITION DATE:

Region 7 DIVISION:

| MONTHLY OPER | RATING REPC | OPERATING REPORT SUMMARY | FOR MONTH | 7 | ANT | YEAR 2008 |
|--|-------------|--------------------------|-----------|------|-------|------------------|
| MONTH | 90-Inc | | | | | |
| REVENUES (MOR-6) | 34,096.85 | 0.00 | 0.00 | 0.00 | 00:0 | 0.00 |
| INCOME BEFORE INT. DEPREC./TAX (MOR-6) | -95,323.98 | 00.00 | 00.00 | 00:0 | 0.00 | 00:00 |
| NET INCOME (LOSS) (MOR-6) | -96,824,45 | 0.00 | 0.00 | 00.0 | 00'0 | 00:0 |
| PAYMENTS TO INSIDERS (MOR-9) | 0.00 | 0.00 | 00.00 | 00.0 | 00:0 | 00.00 |
| PAYMENTS TO PROFESSIONALS (MOR-9) | 0.00 | 00.00 | 00.00 | 00.0 | 00'0 | 0.00 |
| [TOTAL DISBURSEMENTS (MOR-8) | 7,340.51 | 00:00 | 00:00 | 0.00 | 00.00 | 0.00 |
| | | | | | | |

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

Answer

CIRCLE ONE

| | | | 1 | | |
|-------------------------------|----------------|------|--|---------------|------------------------|
| REQUIRED INSURANCE MAINTAINED | NCE MAINTAINED | | Are all accounts receivable being collected within terms? | Yes No | Yes* |
| AS OF SIGNATURE DATE | REDATE | EXP. | Are all post-petition liabilities, including taxes, being paid within terms? | Yes No | Yes, unless disputed. |
| | | DATE | Have any pre-petition liabilities been paid? | Yes No | No |
| CASUALTY | YES() NO(X) | | if so, describe | | |
| LIABILITY | YES() NO(X) | , 1 | Are all funds received being deposited into DIP bank accounts? | Yes No | Yes |
| VEHICLE | YES() NO(X) | | Were any assets disposed of outside the normal course of business? | Yes No | No |
| WORKER'S | YES () NO (X) | | If so, describe | | |
| OTHER | YES () NO (X) | | Are all U.S. Trustee Quarterly Fee Payments current? | Yes No | Yes |
| | • | | What is the status of your Plan of Reorganization? Debtor plans to file a plan of reorganization in Dec 2008 | a plan of reo | ganization in Dec 2008 |
| | | | | | |

713-328-2830 / 713-759-6834 Hughes Watters Askanase 333 Clay, 29th Floor CITY, STATE, 21P. Houston, TX 77002 ATTORNEY NAME: Heather McIntyre TELEPHONE/FAX: FIRM NAME: ADDRESS:

MOR-1

08/20/08 Revised 07/01/98 APM SA_TITLE: _Accountant DATE MOR-9 plus, extachments, is true and correct. (ONIGINAL SIGNATURE) (PRINT NAME OF SIGNATORY) Pat Johnson SIGNED X

Monthly Operating Report (MOR), consisting of MOR-1 through I certify under penalty of perjury that the following complete

** It is not customary in debtor's business of oil & gas exploration for debtor to carry insurance. Based on information and belief, operators of leases in which debtor has oil and gas interests carry insurance covering the debtor's interest.

* Except for expense reimbursement (approximately \$2,600) from MOSH Holding, LP which is in litigation.

CASE NUMBER: 08-34031-H4-11

COMPARATIVE BALANCE SHEETS

| ASSETS | FILING DATE* | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|---|--------------|--------------|----------------|--------|--------|--------|--------|
| | 80/97/90 | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 |
| CURRENT ASSETS | | | | | | | |
| Cash | 37,874.01 | 62,869.92 | | | | | |
| Accounts Receivable, Net | 549,835.14 | 551,714.72 | | | | | |
| Inventory: Lower of Cost or Market | | | | | | | |
| Prepaid Expenses | | | | | | | |
| Investments | | | | | | | |
| Other | | | | | | | |
| TOTAL CURRENT ASSETS | 587,709.15 | 614,584.64 | 0.00 | 00'0 | 00.0 | 0.00 | 0.00 |
| PROPERTY, PLANT & EQUIP. @ COST * | 132,336.83 | 132,336.83 | | | | | |
| Less Accumulated Depreciation | 95.660,69 | 70,799.86 | | | | | |
| NET BOOK VALUE OF PP & E | 63,237.27 | 61,536.97 | 0.00 | 0.00 | 0.00 | 00'0 | 0.00 |
| OTHER ASSETS | | | | | | | |
| 1. Tax Deposits | | | | | | | |
| 2. Capitalized Office Lease Improvements BV | 40,208.40 | 40,107.40 | | | | | |
| 3. Electric Deposit | | | | | | | |
| 4. Rent Deposit | 4,478.73 | 4,478.73 | | | | | |
| TOTAL ASSETS | \$695,633.55 | \$720,707.74 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | | 17 - 1 - 7 - 7 | | | | |

* Per Schedules and Statement of Affairs per amendments to be filed

Revtsed 07/01/98

MOR-2

* Does not include drilling costs as these costs are expensed and therefore not shown on the Balance Sheet. Includes Undeveloped Leasehold, capitalized Geological & Geophysical (seismic) and Lease & Well Equipment.

CASE NUMBER: D8-34031-H4-11

COMPARATIVE BALANCE SHEETS

| LIABILITIES & OWNER'S | FILING DATE* | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|-------------------------------------|--|---------------------|---------------|---------------|---|--------|--------|
| EQUITY | 06/26/08 0:00 | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 |
| LIABILITIES | | | | | | | |
| POST-PETITION LIABILITIES (MOR-4) | | 121,907.97 | 00:0 | 00.0 | 0.00 | 0.00 | 0.00 |
| PRE-PETITION LIABILITIES | | | | | | | |
| Notes Payable - Secured | 00:0 | 00.0 | | | | | |
| Priority Debt | 21,900.00 | 21,900.00 | | | | | |
| Federal Income Tax | 00'0 | 00.0 | | | | | |
| FICA/Withholding | 0.00 | 0.00 | | | | | |
| Unsecured Debt ** | 1,346,966.55 | 1,346,957.22 | | | | | |
| Other | | | | | | | |
| TOTAL PRE-PETITION LIABILITIES • | 1,368,866.55 | 1,368,857.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL LIABILITIES | 1,368,866.55 | 1,490,765.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| OWNER'S EQUITY (DEFICIT) | | | | | in principal and a second second second | | |
| PREFERRED STOCK | | | | | | | |
| COMMON STOCK | | | | | | | |
| ADDITIONAL PAID-IN CAPITAL | 1,680.67 | 1,680.67 | | | | | |
| RETAINED EARNINGS: Filing Date | (674,913.67) | (674,913.67) | | | | | |
| RETAINED EARNINGS: Post Filing Date | | (96,824.45) | (96,824.45) | (96,824.45) | | | |
| TOTAL OWNER'S EQUITY (NET WORTH) | (673,233.00) | (770,057.45) | (96,824.45) | (96,824.45) | 00:0 | 0.00 | 0.00 |
| TOTAL LIABILITIES & | | | | | | | |
| OWNERS EQUITY | \$695,633.55 | \$720,707.74 | (\$96,824.45) | (\$96,824.45) | \$0.00 | \$0.00 | \$0.00 |
| | * Der Cohodules and Ctotomont of A Chine | totomont of Affaire | | | | | |

* Per Schedules and Statement of Affairs

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* Judgments are not included in this statement as they are encompassed by Joint Interest Billing Statements (which amounts are included).

Revised 07/01/98

CASE NAME: Texas Standard Oil Company CASE NUMBER: 08-34031-H4-11

| MONTH | | | | | |
|-------------|----------|------------|-------|------|--------------|
| | | | | | \$0.00 |
| AD VALOREM, | 00.0 | 00:0 | 00:0 | 00:0 | \$0.00 |
| STATE | 0.00 | 00:0 | 00'0 | 00.0 | \$0.00 |
| FEDERAL | 0.00 | 00.0 | 00.0 | 00.0 | \$0.00 |
| TRADE | ACCOUNTS | 121,887.36 | | | \$121,887.36 |
| TOTAL | 0.00 | 121,887.36 | 00:00 | 00'0 | \$121,887.36 |
| DAYS | 0-30 | 31-60 | 61-90 | +16 | TOTAL |

AGING OF POST-PETITION LIABILITIES
MONTH

AGING OF ACCOUNTS RECEIVABLE

| MONTH | Jui-08 | | | | | |
|------------|--------------|--------|--------|--------|--------|--------|
| 0-30 DAYS | 2,427.21 | | | | | |
| 31-60 DAYS | | | | | | |
| 61-90 DAYS | | | | | | |
| 91+DAYS | 549,287.51 | | | | | |
| TOTAL | \$551,714.72 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | | | | | |

MOR-5

CASE NAME: Texas Standard Oil Company CASE NUMBER: 08-34031-H4-11

| CASE NUMBER: UO-3403 1-114-11 | 1 | | | | | | |
|--|---------------|----------------------------|-----------|--------|--------|--------|---------------|
| | SIAIEIV | STATEMENT OF INCOME (LUSS) | ME (LUSS) | | | | |
| | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | FILING TO |
| | Jul-08 | | | | | | DATE |
| CL GOLD STEWARDS | 34 096 85 | | | | | | 34,096.85 |
| AEVENUES (MON-1) | 123,001.33 | | | | | | 123,001.33 |
| CROSS PROBIT | -88,904.48 | 00.0 | 0.00 | 0.00 | 00.0 | 00:00 | -88,904.48 |
| OPERATING EXPENSES: | | | | | | | |
| Selling & Marketing | | | | | | | 0.00 |
| General & Administrative | 6,419.50 | | | | | | 6,419.50 |
| Insiders Compensation | | | | | | | 0.00 |
| Professional Fees | | | | | | | 0.00 |
| Other | | | | | | | 0.00 |
| Other | | | | | | | 0.00 |
| TAYLAL ONE WATTING RYPRINGES | 6.419.50 | 0.00 | 00'0 | 00.0 | 0.00 | 0.00 | 6,419.50 |
| MACONE BEFORE INT. DEPR.TAX (MOR-1) | -95,323.98 | 00.0 | 00.0 | 00'0 | 00.0 | 00.00 | -95,323.98 |
| INTEREST EVENNE | 246.80 | | | | | | 246.80 |
| DEPRECIATION | 1,801.30 | | | | | | 1,801.30 |
| OTHER (INCOME) EXPENSE* | -547.63 | | | | | | -547.63 |
| OTHER ITEMS** | | | | | | | 0.00 |
| HOTAL INT DEPR & OTHER ITEMS | 1.500.47 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,500.47 |
| NET INCOME REPORE TAXES | -96,824.45 | 00.0 | 00.00 | 00.0 | 0.00 | 0.00 | -96,824.45 |
| THE THE PROPERTY OF THE PROPER | | | | | | | 0.00 |
| FEDERAL INCOME 19755 | (\$96.824.45) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | (\$96,824.45) |
| INET INCOME (LOSS) (MOK-1) | (2:::20,004) | | | | | | |

Accrual Accaunting Required, Otherwise Footnote with Explanation.

Footnote Mandatory.

 \star \star Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote. MOR-6

* Rent reimbursement

CASE NAME: Texas Standard Oil Company CASE NUMBER: 08-34031-H4-11

| CASH RECEIPTS AND | MONTE | MONTH | MONTH | MONTH | MONTH | MONTE | FILING TO |
|---|------------------------------|------------|-------------------------------------|--------|--------|--------|-------------|
| DISBURSEMENTS | 90-Inc | | | | | | DATE |
| 1. CASH-BEGINNING OF MONTH | \$37,816.15 | | \$0.00 | \$0.00 | 00'0\$ | \$0.00 | \$37,816.15 |
| RECEIPTS: | | | and Company of Company (Assessment) | | | | |
| 2. CASH SALES | 31,846.65 | | | | | | 31,846.65 |
| 3. COLLECTION OF ACCOUNTS RECEIVABLE | 547.63 | | | | | | 547.63 |
| 4. LOANS & ADVANCES (attach list) | 00.0 | | | | | | 0.00 |
| 5. SALE OF ASSETS | 00.0 | | | | | | 0.00 |
| 6. OTHER (attach list) | 00.00 | | | | | | 00.0 |
| TOTAL RECEIPTS** | 32,394.28 | 00.0 | 00.00 | 00.0 | 0.00 | 0.00 | 32,39 |
| (Withdrawal) Contribution by Individual Debtor MFR-2* | | | | | | | 0.00 |
| | | | | | | | |
| 7. NET PAYROLL | 00.0 | | | | | | 0.00 |
| 8. PAYROLL TAXES PAID | 00'0 | | | | | | 0.00 |
| 9. SALES, USE & OTHER TAXES PAID | 00.00 | | | | | | 0.00 |
| 10. SECURED/RENTAL/LEASES | 4,631.39 | | | | | | 4,631.39 |
| 11. UTILITIES & TELEPHONE | 279.40 | | | | | | 279.40 |
| 12. INSURANCE | | | | | | | 00.00 |
| 13. INVENTORY PURCHASES | | | | | | | 0.00 |
| 14. VEHICLE EXPENSES | | | | | | | 0.00 |
| 15. TRAVEL & ENTERTAINMENT | 644.51 | | | | | | 644.51 |
| 16. REPAIRS, MAINTENANCE & SUPPLIES | 1,460.21 | | | | | | 1,460.21 |
| 17. ADMINISTRATIVE & SELLING | | | | | | | 0.00 |
| 18. OTHER (anach list) | | | | | | | |
| TOTAL DISBURSEMENTS FROM OPERATIONS | 7,015.51 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,01 |
| 19. PROFESSIONAL FEES | | | | | | | 0.00 |
| 20. U.S. TRUSTEE PEES | 325.00 | | | | | | 325.00 |
| 21. OTHER REORGANIZATION EXPENSES (attach list) | | | | | | | |
| TOTAL DISBURSEMENTS** | 7,340.51 | 00.0 | 0.00 | 0.00 | | | |
| 22. NET CASH FLOW | 25,053.77 | 00.0 | | 00.00 | | | |
| 23. CASH - END OF MONTH (MOR-2) | \$62,869.92 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$62,869.92 |
| | del family in Individual del | store only | | | | | |

* Applies to Individual debtors only

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**Numbers for the current month should balance (match)
RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

Revised 07/01/98

CASE NAME: Texas Standard Oil Company CASE NUMBER: 08-34031-H4-11

CASH ACCOUNT RECONCILIATION

Jul-08 MONTH OF

| BANK NAME | Encore Bank | | Encore Bank | | |
|---------------------------------|-------------|---------|-------------|-------------|-------------|
| ACCOUNT NUMBER | #30323489 | # | #30323497 | | |
| ACCOUNT TYPE | OPERATING | PAYROLL | TAX | OTHER FUNDS | TOTAL |
| BANK BALANCE | 0.00 | | 00.0 | | \$0.00 |
| DEPOSITS IN TRANSIT | | | | | \$0.00 |
| OUTSTANDING CHECKS | | | | | \$0.00 |
| ADJUSTED BANK BALANCE | \$0.00 | 80.00 | \$0.00 | \$0.00 | \$0.00 |
| BEGINNING CASH - PER BOOKS | 37,874.01 | | | | \$37,874.01 |
| RECEIPTS* | 32,336.42 | | | | \$32,336.42 |
| TRANSFERS BETWEEN ACCOUNTS | | | | | \$0.00 |
| (WITHDRAWAL) OR CONTRIBUTION BY | | | | | 4 |
| INDIVIDUAL DEBTOR MFR-2 | | | | | 20.00 |
| CHECKS/OTHER DISBURSEMENTS* | 7,340.51 | | | | \$7,340.51 |
| ENDING CASH - PER BOOKS | \$62,869.92 | \$0.00 | \$0.00 | \$0.00 | \$62,869.92 |
| | | | | | |

MOR-8

*Numbers should balance (match) TOTAL RECEIPTS and

TOTAL DISBURSEMENTS lines on MOR-7

CASE NAME: Texas Standard Oil Company CASE NUMBER: 08-34031-H4-11

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals.

Also for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

| | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|--------------------------|--------|--------|--------|--------|--------|--------|
| INSIDERS: NAME/COMP TYPE | | | | | | |
| | Jul-08 | | | | | |
| 1 | 00.0 | | | | | |
| 2. | | | | | | |
| | | | | | | |
| 4 | | | | | | |
| | | | | | | |
| 9 | | | | | | |
| TOTAL INSIDERS (MOR-1) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

| | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|-----------------------------------|--------|--------|--------|--------|--------|--------|
| PROFESSIONALS | | | | | | |
| | 00.0 | | | | | |
| | | | | | | |
| 3 | | | | | | |
| | | | | | | |
| 4. | | | | | | |
| 5. | | | | | | |
| 9 | | | | | | |
| TOTAL PROFESSIONALS (MOR-1) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| I OI AL I ROI LOSIOIMALO (MAGNET) | | | | | | |

MOR-9